Speaking Points

The Honourable Tony Clement, PC, MP
Minister of Industry

Address to the London Chamber of Commerce

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Check Against Delivery

Thank you, Ed, for your kind introduction. Good morning everyone. Thank you for joining me today.

It is a particular pleasure to be introduced by my colleague, Ed Holder. Ed's roots in this community are deep and his contributions many. London West is fortunate to have such a dedicated representative, and our caucus is already benefiting from Ed's counsel and contribution. So thank you, Ed.

I'd also like to thank the London Chamber of Commerce for its hospitality this morning. This Chamber has played a key role in London's history, with roots dating back to 1857. And today you remain an important advocate for business — encouraging connections, educating your members and enriching the life of this city.

Let me also say what a pleasure it is to share the head table with Anders McKenzie, from Deloitte; Peter White, from the London Economic Development Commission; and, of course, your fearless leader, Kevin Switzer. Thank you all for your involvement here this morning and for your contributions to your city and our province.

It's great to be here in London, a city recently identified by Foreign Direct Investment in its 2007/2008 rankings as among the "Top Ten Cities of the Future." This is an appropriate setting as I want to outline for you today the action plan our government is putting in place to build Canada for the future, to ensure our long-term economic growth and success.

I don't need to tell any of you that we meet today at a historic moment. Since last fall, the global economic situation has deteriorated faster than anyone predicted. The global economy has further weakened since Canadians voted in the election last October. And still further since Parliament met last month.

As the crisis emerged, it was evident that business needed support during this period. Our government took immediate action to ensure Canadian businesses could get the financing they need to reinvest, grow and, most importantly, maintain jobs.

But let's talk about the positives. Canada continues to fare better than many other countries. Our government has reduced taxes, paid down debt, and invested in roads, bridges and other essential building projects. Canada also has strong financial institutions. Through four budgets, this government has put in place the conditions to create a positive climate for Canadian business to

succeed.

It is clear that we cannot escape the effects of the global credit crisis and must take further action. Canadians are feeling the effects of the global recession, and they are concerned. They are concerned about their jobs and their savings. They are concerned about their families, businesses and communities.

As an integrated part of the global economy, Canada has not been immune from the current global downturn, but we can take action to support our economy as we weather these challenges. Earlier this week, the Government of Canada presented our Economic Action Plan to do just that. All told, it provides $30 billion to help boost our economy.

This morning I want to discuss what our Economic Action Plan means for our families and our businesses, for the people of London, and for Ontarians.

We began by consulting widely. In fact, this has been the most comprehensive and inclusive pre-budget consultation in Canadian history, involving hundreds of organizations and thousands of individuals.

We listened to their concerns and considered their ideas. And Canadians told us that we must act now to keep our economy moving and protect them in these difficult times. We agree.

Our Action Plan has many elements, but five broad themes:

- first, helping families and encouraging consumer spending;
- second, helping those individuals hardest hit by the global recession;
- third, protecting jobs and supporting businesses;
- fourth, ensuring that enterprises have access to financing and that our financial system is stable; and
- fifth, taking immediate action to build projects such as transit systems, roads, bridges, waterways and border crossings that will meet our short-term needs while positioning Canada for long-term prosperity.

Let me just touch on each of these.

Now, as you know, budgets are presented in the language of economists — of percentages and programs, statistics and ratios. But the economy is experienced in very human terms, in the everyday lives of Canadians. An economy is not something that happens "out there" in some kind of abstract world — it happens in people's homes, where hard decisions are made; in the daily routines of work, juggling a budget, doing the groceries and trying to get ahead.

That's why helping families is item one of our Action Plan.

It begins with tax relief — especially for low and middle income Canadians. We have increased the basic personal exemption — so that more of what you earn will be free of federal tax. We have also increased the upper limits of the two lowest tax brackets, so that a greater portion of income will be taxed at a lower rate.

And we have increased the amount that families can earn while still receiving the National Child Benefit supplement and the Child Tax Benefit.

We know that in tough times, every dollar counts. For many businesses, any increase in payroll taxes would make it harder to retain all of their workers. That's why we are freezing Employment Insurance taxes for the next two years. This will preserve jobs and give businesses greater certainty, which helps to drive our economy.

Home construction and renovation are critical components of the economy and of our Action Plan. To boost demand for housing, we have increased the amount home buyers can withdraw from their RRSPs to buy their first home, as well as providing them with a new credit that will save them up to $750 on closing costs. And for every homeowner, we have created a temporary Home Renovation tax credit that can save families up to $1350 on their taxes.

Seniors face particular challenges in these difficult times. We owe this "greatest generation" our respect and support — and for them, we have provided additional tax relief, including reducing the amount they are required to withdraw from their RRIFs.

All of these tax measures are aimed at a single goal: leaving Canadians with more money in hand so that they can spend to boost the economy.

Second, we are taking steps to help those hurt most by this recession. In tough economic times, some Canadians will find themselves out of work, looking to Employment Insurance (EI) to help make ends meet. We are extending the length of time that EI benefits can be received by five weeks, giving people more time to get the extra training they need to find the long-term employment they want.

We are increasing our investment in skills development with new opportunities to upgrade and specific programs targeted to apprentices and older workers.

Our aim is not only to help Canadian workers weather the tough times, but to position our workforce with the skills needed to take advantage of opportunities once the economy turns around.

Third, we know that it's not just workers who are hurting, but their employers as well. To help them, we have proposed a wide range of initiatives, including specific action for sectors facing special difficulties — from forestry to farming, miners to cultural industries.

These investments are in addition to the support we announced in December for the hard-hit auto sector. As you may recall, together with the Ontario government, we agreed to provide GM and Chrysler with up to $4 billion in short-term loans.

To allow manufacturers to continue to restructure and retool their operations and remain competitive in the global economy, we will extend the accelerated Capital Cost Allowance for business investments in machinery and equipment for two years. As well, we are providing a 100-percent capital cost allowance on computer equipment over the next two years.

We know that if businesses are going to continue to grow and create jobs, they need to have profits to reinvest. Building on our past corporate tax reductions, our Action Plan increases the eligible amount to half a million dollars for the small-business tax rate.

In this year and future years, businesses will also benefit from previously legislated reductions in the corporate income tax rate, which fell to 19 percent this year and will fall to 15 percent by 2012. By next year, Canada will have the lowest overall tax rate on new business investment in the G7.

Together, these measures will help businesses to reinvest in their operations, enhance their productivity and grow their revenues.

As this Chamber understands so well, Ontario has been particularly hard hit by the global crisis. I know it has affected you here in London, and it's certainly true of many parts of this province. As a Minister for Ontario, I am particularly proud that our Economic Action Plan offers unprecedented opportunity for our province.

Local small businesses find great support from the Small Business Centre here in London. Our economic plan provides $10 million to the Canadian Youth Business Foundation, a not-for-profit organization that is affiliated with London's Small Business Centre. We are encouraging the entrepreneurial spirit in our youth and continuing to support the main drivers of our economy: the small and medium-sized operations.

More than $1 billion has been committed over five years for the regional development of Southern Ontario. This will help workers, communities and businesses in this province, and it will be the first time Ontario has received support across the province for regional economic development.

Among the other notable initiatives announced for Ontario are $50 million to the Institute of Quantum Computing in Waterloo, and $407 million to improve VIA rail service in the Windsor to Québec corridor.

It was certainly gratifying to see that Dan Mathieson, the Mayor of Stratford and Chair of the Southwest Economic Alliance, had high praise for our plan, saying that it is, and I quote, "good news for Southwest Ontario."

The fourth area we focused on is ensuring families and businesses alike have access to financing. Whether it's a lease on a new car or money to buy your first home, it's critical that Canadians have access to the money necessary to make the economy grow.

As business leaders, you understand the importance of liquidity, of providing greater access to credit at a time when confidence is low and banks are less willing to lend. Our Action Plan addresses this need directly by providing $200 billion in new financing — through extended mortgage insurance and a new credit facility to help purchase vehicles and equipment.

For small and medium-sized businesses, we are increasing the lending powers of both Export Development Canada and the Business Development Bank of Canada. And we are expanding the Canada Small Business Program to provide even greater support.

These measures will help restore confidence, encourage lending and enable businesses to keep investing, growing and creating jobs.

Fifth, to kick start the economy and create jobs quickly, we are launching one of the largest and most ambitious infrastructure programs in Canadian history. In the next two years, $4 billion in new funding will be available for local and regional projects.

Whether it's roads and bridges, waterways or energy projects, these investments will not only create jobs today, they'll lay the foundations for a greener, more productive and innovative economy of the future.

As home to both the University of Western Ontario and Fanshawe College, London will be able to take advantage of the $2 billion we are providing for much-needed repairs to our colleges and universities. Priority will be given to projects that advance research, development and skills training — critical components of preparing our economy and our workers for the future.

Now, as Minister of Industry, I am particularly conscious of the importance of science and technology in today's economy, so I hope you'll allow me a moment to discuss some of the ways that the Economic Action Plan promotes research and innovation.

There is simply no doubt that Canada's long-term economic future depends, as never before, on ideas, innovation and inventiveness. That is why, in the last three budgets, our government has pledged over $2.2 billion in new science and technology funding. And why I am so proud that a further $1.5 billion has been committed under our Action Plan toward science and technology

initiatives.

Much of this, as I've mentioned, will go to addressing the bricks and mortar needs of our research facilities — to do needed repairs and obtain important equipment.

As well, we have committed to helping companies hire over 1000 new post-secondary graduates in business and science. Our government is expanding the Canada Graduate Scholarships program and offering an additional 600 graduate internships through the Industrial Research and Development Internship Program.

These are strategic investments in the scientists and innovators of tomorrow and in the research facilities that will enable them to do their best work.

So, on many fronts and in many ways, our Economic Action Plan meets the test of these trying times.

It helps Canadians who are looking for work, while enabling Canadian business to grow. It builds our communities and puts more money in the hands of Canadian families. It invests in tangible building projects, creates liquidity and helps to restore confidence.

And it does all of this in a way that is consistent with Canadian values of caring for those most in need and helping those hardest hit.

It was on this day — January 30, in 1965 — that Parliament passed an Act adopting the maple leaf design for our national flag. It was the proud act of a confident country, one that was still young in spirit and large in ambition.

Today, this youthful spirit remains; we must continue to be ambitious and confident, particularly as we face uncertain times. Our faith in this country — and its people — is not diminished. We will weather this storm and come out the other side, stronger than ever, prepared to seize the opportunities that lie ahead.

I look forward to working with all of you as we build that future together. Thank you.

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